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Cc: []
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From: CN=Tom Hagler/OU=R9/O=USEPA/C=US
Sent: Fri 10/26/2012 10:01:10 PM
Subject: Fw: News from Restore the Delta - Keep this one on the BDCP budget

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----- Forwarded by Tom Hagler/R9/USEPA/US on 10/26/2012 02:56 PM -----

From: Barbara Barrigan-Parrilla <barbara@restorethedelta.org>

To: Tom Hagler/R9/USEPA/US@EPA

Date: 10/26/2012 02:50 PM

Subject: News from Restore the Delta

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October 26, 2012

"The path of duty lies in what is near, and man seeks for it in what is remote."

- Mencius

Beginning to consider near-term actions

On October 15, the Senate Select Committee on Delta Stewardship and Sustainability, chaired by Senator Lois Wolk, received a report from the Legislative Analyst's Office (LAO) on "Funding and Options for Near-Term Action in the Delta."

Interesting details from the report:

Of \$405 million in Delta-related expenditures by the State, 30 percent (\$123 million) will go to Conveyance/Bay Delta Conservation Plan (BDCP) under the final 2012-13 budget.

Levee system integrity is slated for about 23 percent in expenditures (\$93 million), with matters like ecosystem restoration and water quality budgeted to receive less than levees.

Construction of conveyance (i.e. Peripheral Tunnels) "is unlikely to take place within the next 10 to 15 years." The report doesn't elaborate on that statement.

According to the LAO report, the State share of funding for levee maintenance, flood control projects, and ecosystem restoration comes mostly from state bond funds approved by voters in propositions 50, 84, and 1E. Currently, \$582 million in bond funds has not been appropriated by the Legislature. But the report says "It is likely that there is a larger amount of bond funds that could be available [for Delta-related projects] from bond funds that have been appropriated by the Legislature, but to committed to a specific projects at this time. This amount is estimated to be over \$1 billion"

The report notes that both the Delta Stewardship Council and the Delta Protection Commission have developed lists of Delta-related activities that could begin prior to construction of conveyance. In addition, a group of Delta stakeholders has identified 53 activities costing an estimated \$770 million that could start within the next five years.

This group, the Coalition to Support Near-Term Delta Projects, includes Delta residents, water agencies from around the state, and environmental groups that met for six months beginning in the Spring of 2012 to identify actions that could be taken in the Delta without prejudicing the outcome of the BDCP or the Delta Plan.

The LAO report reflects a broad recognition that a great deal of necessary and useful work can be done in the Delta regardless of what happens with the BDCP. And there appears to be money available to do much of that work.

[Click here to read the report.](#)

On the subject of paying for things. . .

Consider the situation of Westlands Water District, which is currently issuing \$77 million in Refunding Revenue Bonds. The bonds will refund outstanding Revenue Certificates of Participation from 2002, purchase a municipal bond insurance policy to guarantee payment of principle and interest, and purchase municipal bond debt service insurance.

The Official Statement regarding the bond issue notes that Westlands hasn't formally decided whether to participate in the cost of constructing the Isolated Facility (Peripheral Tunnels). It also notes that the Isolated Facility wouldn't be completed until at least 2026, which is when those paying beneficiaries could expect to get whatever "reliable" water supply they've been able to finagle.

According to this Official Statement, Westlands is projecting its water usage to remain basically unchanged from 2012-13 to 2016-17. (In 2012-13, they may use water rescheduled from 2011-12.) But it is hard for them to predict how much they will be paying for it. From 2009 to 2013, the cost of federal Central Valley Project water has gone up between 15% and 20%, depending on which rate individual users pay.

And what if California experiences another drought? The Official Statement is over 40 pages long, not including appendices. As far as we can tell, the word "drought" appears in it only once. Apparently Westlands has collected a reserve of close to \$3 million "to fund long-term water acquisitions" and will use that to help meet debt service requirement in the event of a drought.

This document dials back Westlands' obligations as a beneficiary to pay for an Isolated Facility:

"Based upon the cost allocations contained in the Administrative Draft [of the BDCP], approximately 75% of the costs of the Isolated Facility are expected to be funded by users of the Isolated Facility, including the [Westlands Water] District. Based on costs and yield information projected in the Administrative Draft, and assuming that all State and CVP water delivered south of the Delta share proportionately in the cost of the DHCCP [Delta Habitat Conservation and Conveyance Program] on a per acre foot basis, the District share of such costs would be approximately \$2.4 billion."

So where would the other 25% come from to pay the rest of the costs of an Isolated Facility? Apparently from everyone's favorite uncle: the government. In other words, taxpayers. This stretches the usual definition of "beneficiary pays."

On the other hand, Westlands also expects capital and operating costs for habitat restoration in the Bay-Delta to be paid by the Bureau of Reclamation and passed through to Westlands and other contractors receiving water

through the federal Central Valley Project (CVP).

The \$50 million in bonds for DHCCP costs is interest-only payments through 2013, when the full amount is due. Westlands assumes they will roll the whole thing into other DHCCP related debt.

It is also interesting that the \$300+ million Westlands still owes the federal government is not listed as a liability. Meanwhile, their share of conveyance costs would be \$200 million per year, which significantly exceeds their current annual revenue of \$125 million per year.

Rising water rates, iffy reliability, costs in excess of revenue. Altogether not a rosy picture.

Unanticipated emergency use of the Delta

In the event of a zombie apocalypse, Delta residents might be glad that many residents of the region still don't know where the Delta is.

The Stockton Record has learned from its Facebook fans that some see the Delta as a potential refuge if zombies appear. One said he'd hide on his boat in a secluded slough, and another agreed that the water hyacinth would choke anything.

Of course, some Delta residents may feel that they've already been invaded on more than one occasion by mindless creatures animated by powerful supernatural forces.

Wild & Scenic Film Festival honors Over Troubled Waters

Restore the Delta is honored that our documentary, Over Troubled Waters, has been chosen as an official selection for the 11th Annual Wild & Scenic Film Festival, to be held in Nevada City on January 11-13, 2013.

This is a festival that shows environmental and adventure films that illustrate the Earth's beauty, the challenges facing our planet, and the work communities are doing to protect the environment. Through these films, Wild & Scenic both informs people about the state of the world and inspires them to take action.

This is the second time that Over Troubled Waters has been honored by inclusion in a film festival. On Friday, November 2, the film will be screened in Hollywood as part of the Artivist Film Festival. Click here for ticket information.

Upcoming Screenings of Over Troubled Waters

Visit www.OverTroubledWaters.org and click on "SHOWTIMES"

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Restore the Delta is working everyday through public education and citizen activism to ensure the restoration and future sustainability of the California Delta. Your general contribution can help us sponsor outreach events, enable us to educate Californians on what makes the Delta so special, and assist us in building a coalition that will be recognized by government water agencies as they make water management decisions.

Restore the Delta is a charitable 501(c)3 organization. Donations are tax deductible.

Click on the button below to go to our secure PayPal account.

Restore the Delta is a grassroots campaign committed to making the Sacramento-San Joaquin Delta fishable, swimmable, drinkable, and farmable to benefit all of California. Restore the Delta - a coalition of Delta residents, business leaders, civic organizations, community groups, faith-based communities, union locals, farmers, fishermen, and environmentalists - seeks to strengthen the health of the estuary and the well-being of Delta communities. Restore the Delta works to improve water quality so that fisheries and farming can thrive together again in the Sacramento-San Joaquin Delta.

Sincerely,

Barbara Barrigan-Parrilla

Executive Director

Restore the Delta

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